

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	Bord Gáis Energy
Type of Stakeholder	Generator in the all-island single electricity market; supplier in the Irish retail market
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Confidential Response	[N]

Summary of Main Messages

Bord Gáis Energy (**BGE**) welcomes the opportunity to respond to this SEM-23-034 consultation on the modification proposals that were initially discussed at the Capacity Market Code ('Code') Working Group 30:

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CMC_04_23 Introduction of remedial action for unforeseeable delays due to extraordinary supply chain impacts (Proposer: Lumcloon)

BGE is **not supportive** of this modification. There is no clear definition in the modification of what constitutes an ‘extraordinary delay’, or what the trigger is for a standard delay (which should be built into the implementation plan) becoming an exceptional delay. There is a lack of any tangible example of how supply chain delays could result in a delay in grid or gas connections, and a lack of distinction between supply chain delays for the unit construction and delays due to late grid or network connections. While RA discretion is required in certain circumstances, this modification may be asking the RAs to use their discretion at times when the cause of a delay can be ill-defined, far-ranging, and possibly already captured through other CMC controls (e.g., implementation reporting, capacity termination for adding to T-1 auction). This much subjectivity on issues impacting the security of supply for the SEM and the delivery of the contracted volume to the consumer will weaken transparency in the application of the CMC and add an unnecessary layer of subjectivity. This is damaging for prospective investors as it makes modelling outcomes/forecast revenues more difficult to determine due to added uncertainty. The modification is also seeking to widen its application unnecessarily to incorporate grid and network connection delays which are already the prevue of modification CMC_14_22. We believe the focus of this modification is in general too broad.

This modification could essentially allow delays of up to two years, which we believe sets a dangerous precedent which could result in a flood of speculative bidding behavior. This would result in the T-3 auction behaving more like a T-5 auction, while more prudent industry operators could miss out on capacity awards which could be realistic in intent and delivered on time. The use of Security of Supply (SOS), as a rationale for allowing T-3 projects to be significantly delayed is inappropriate. Delivering T-3 awarded capacity up to 2 years late will not alleviate the current SOS situation and given that most T-4 projects are on track, the longer the delays extend the less pressing the SOS argument will become.

Developers must accept that no project is entirely risk free and while there may in some scenarios be reason to justify extensions as is being seen through other ongoing modifications this modification goes too far in seeking significant delays without being specific on what is meant by “extraordinary circumstances” and the overt triggers for actions at that point proposed in this modification.

CMC_05_23 Inconsistency identified in CMDRB decision. In particular, the modification to the definition of New Capacity made as part of CMC_11_22 as incompatible with the definition of Existing Capacity in C.3.2.1 (Proposer: RAs)

BGE is supportive of this modification. This modification removes the inconsistency created off the back of CMC_11_22.

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CMC_06_23 Outstanding Aspects of the Implementation of ARHL De-Rating Factors (Proposer: RAs)

BGE is supportive of this modification. This modification completes the non-urgent changes needed to fully implement ARHL De-Rating Factors in line with the SEMC Decision (SEM-22-044).

CMC_07_23 Special Application of ISTA to allow to cover capacity that cannot operate for the whole Capacity Year but could still make an important contribution to security of supply. (Proposer: RAs)

BGE is supportive of this modification subject to the option being open to units to use either ISTA or ASTA. We understand that the Mod offers the use of the existing Interim Secondary Trading Arrangements (ISTAs) (outside of only outages) as an option for units unable to deliver their awarded capacity for the full capacity year CY2024/25 due to the change in emission limits, to trade out of their remaining capacity obligations with the Market Operator. We ask that this modification provides options for units to remain compliant with their obligations under their awarded capacity contract and the legislative requirements on emissions and does not result in ISTAs becoming mandatory for units in this scenario. It should allow units with the choice of trading out of their remaining capacity obligations under lower emission limits by either the ISTAs or the Alternative Secondary Trading Arrangements (ASTAs) where the unit can find a willing bilateral counterparty. The obligation on the unit is to remain compliant with the CMC and the emission requirements, and the choice of route they take to enable this is for them to decide.

Therefore, we would not support the use of the ISTAs for this purpose as being ‘mandatory’ as it may impact the short-term security of supply where other viable but underutilised units in the SEM are denied additional capacity revenue where they can take on some of the capacity being withdrawn.

CMC_09_23 Removal of Section J.6.1.6 of the Capacity Market Code (Proposer: Tynagh)

BGE is not supportive of this modification. This modification does not give sufficient recognition of the fact that there is RA discretion built into in J.6.1.6 ‘if requested to do so by the Regulatory Authorities if it is determined by the Regulatory Authorities (based on an independently verified report) prior to the T-1 Capacity Auction for the Capacity Year that all or part of the Awarded Capacity is not likely to be delivered by the start of the Capacity Year.’ Given the tightness of Security of Supply in the SEM, it’s reasonable to assume that the RAs will use their discretion and give projects the benefit of the doubt whenever possible. For example, in the scenario outlined by the proposer where a project delivers in the Second week of October, it’s highly unlikely that RAs would terminate capacity a year out given it would appear to be on track at this stage to deliver in the relevant capacity year.

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Removing J.6.1.6 is an unnecessary measure as it supports an efficient and effective operation of the capacity market for the delivery of Awarded New Capacity as contracted for on behalf of the consumer. BGE echoes the concerns of the RAs and TSO that its removal would pass additional risk onto consumers and weaken the current capacity market controls for the delivery of capacity. We do not believe it is merited given the discretion at the disposal of the RAs.

CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

ID	Proposed Modification and its Consistency with the Code Objectives	Impacts Not Identified in the Modification Proposal Form	Detailed CMC Drafting Proposed to Deliver the Modification
CMC_04_23: Introduction of remedial action for unforeseeable delays due to extraordinary supply chain impacts	BGE does not agree with the proposed modification	<ul style="list-style-type: none"> Not a clear distinction on what constitutes a 'extraordinary delay' risk that all delays will be classed as extraordinary 	NA
CMC_05_23: Inconsistency identified in CMDRB decision.	BGE Agrees with the following modification	<ul style="list-style-type: none"> NA 	NA
CMC_06_23: Outstanding Aspects of the Implementation of ARHL De-Rating Factors	BGE Agrees with the following modification	<ul style="list-style-type: none"> NA 	

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<p>CMC_07_23: Special Application of ISTA to allow to cover capacity that cannot operate for the whole Capacity Year but could still make an important contribution to security of supply</p>	<p>BGE Agrees with the following modification subject to the unit in question having the discretion to choose between and ASTA and ISTA.</p>	<ul style="list-style-type: none"> • NA 	
<p>CMC_09_23: Removal of Section J.6.1.6 of the Capacity Market Code</p>	<p>BGE does not agree with the proposed modification</p>	<ul style="list-style-type: none"> • This modification would unnecessarily remove some of the current capacity delivery controls ultimately passing more risk onto the end consumer. 	

NB please add extra rows as needed.